George Cross
Reliable K
NO.214(1989)
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WESTERN CANADA

IMPERAL METALS CORPORATION(IPM-T,M,V)

MOUNT POLLEY - A WORLD CLASS COPPER/GOLD MINE ? THE REAL STORY IS YET TO COME

What has happened at the Mount Polley project in the last year is $3,500,000 of exploration, now almost completed, has converted a "geological inventory"* of

128,000,000 tons grading 0.30% copper, 0.010 oz.gold/t

into an "ore body" with mineable reserves, of

53,000,000 tons grading 0.44% copper, 0.017 oz.gold/t

available to a 1.9 to 1 waste to ore stripping ratio. These reserves were calculated by Zarco T.Nikic, vice-presdent of mineral exploration for Imperial Metals and confirmed by Mintek Inc. *The 1986 annual report of Imperial Metals showed reserves for the property of

155,000,000 tons grading 0.64% copper equivalent.

But that is not the story.

In the 24 years since Carl Springer started exploring the Cariboo Bell (now called - Mount Polley) copper/gold property in 1966, some 530 holes have been drilled for a total of 210,000 feet, plus trenching and bulk sampling. The property is located at 1,000 meters elevation, at Bootjack Lake, 10 km west of Likely, 10 km east of Big Lake Ranch, 40 km east of the 40,000 ton per day Gibraltar Mine at McLease Lake, and 218 km south of Prince George, B.C. Annual rainfall is 27 inches, 50% from snow.

Mount Polley is owned and the exploration work and feasibility study program is funded by Imperial Metals 33.64%, project operator, Corona Corp. 38.41% and 27.95% by three Geomex Limited Partnerships originally tax incentive programs from Germany. Peter Geib owns 12% of Imperial Metals and controls Sedimex which manages the partnerships. Imperial Metals now has fully diluted 22,225,923 shares issued following the recent rights offering to shareholders which expired June 7, 1989 and which generated $4,850,000 net new capital. A 22%, after payout, net profits interest, is held in the Mount Polley property by Noramco Mining Corporation (NNN-T,M) this interest has been held since 1966 by Highland Crow, a predecessor company.

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The current property work is the collection of the final data for a full scale production feasibility study to start Nov.15,1989, for a 15,000 ton per day capacity concentrator. The feasiblity study is foreca-t to be completed in March 1990 with a possible production decision and funding in April,1990, toward plant tune-up in the spring or summer of 1992. The feasibility study contract is to be let within ten days to one of the five firms on the short list. But that is not the story.

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CONTINUED FROM PAGE ONE - The property has for years had the reputation of relative low copper grade, substantially unknown but suspected low gold values with high oxide content and low metallurgical recoveries. In previous programs much of the core was not systematically sampled and assayed for gold but gold values were calculated from composite samples from selected holes. The more recent detailed sampling and assaying has increased both the copper and gold grades. Gold value have been increased by 70% from 0.01 to 0.017 oz.gold/t. Dollar value in the concentrates will be in the range of 60% copper and 40% gold. But that is not the story.

The more than 125 holes drilled in 1989, have defined a higher copper and gold zone within the south central portion of the mineralized zone. The open pit mining design is about 1,100 meters north south by 1,100 meters east west with the pit floor at 120 and 200 meters below the current surface. The mineralization has been drilled to 300 meters below surface where values were 0.4% copper and 0.02 oz.gold/t. The zone remains open to depth and to the south. As well there are several holes completed in the condemnation drilling for the three possible tailings ponds, and waste dump areas, which cut ore grade intersections. Additional drilling is now underway in these areas. One of the recent condemnation holes cut 25 meters assaying 0.4% copper and suggesting a possible northwest extension to the pit mineralization. But that is not the story.

Many of the recent holes have been in-fill to close the reserve grid to 30 meters by 30 meters. During a recent property tour, Rad Pesalj, project manager, geologist and Ken McNaughton, project geologist for Imperial Metals explained some of the in-fill holes cut above average ore grades. These intersections: increased the reserve tonnage; increased copper/gold content; reduced the waste tonnage and significantly reduced the waste to ore ratio. All of this new data is being used in the calculation of new reserve figures expected to be announced shortly and expected to show substantial increases. But that is not the story.

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The pre-feasibility calculations suggest these reserves are an "ore body" with gross recoverable value of $17.79 Can. ($14.23 U.S.) per ton, using long term forecast prices of 87¢ per pound for copper, $425.00 per oz gold. U.S. converting at 80¢ Can. The calculations indicate a 15,000 ton per day concentrator and mining operation, processing 5,000,000 tons of ore per year, with a capital cost of $145,000,000 would payout in about 34 months. This will require mining the higher-grade portions of the reserves during the payback period. A head grade of 0.023 oz.gold per ton is forecast to produce 102,000 oz.gold and 32,000,000 pounds copper in each of the first 5 years from an area where the stripping ratio will be 0.9 to 1. But that is not the story. - CONTINUED ON PAGE TWO -

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The current program includes the mining of five bulk samples from deep trenches at five locations for a total of 130 tons. The trench locations were selected to provide a full range of the oxide content in the reserves. Oxide copper within reserve varies from 10% to 70% with the average calculated at 28% of the copper in oxidized form. These five samples will be metallurgically bench tested by Coast Tech Research Inc. with confirmation work planned at Bacon Donaldson and Lakefield Research. The mined material will also be processed through a pilot mill to establish final metallurgical balances. Mineralization is mostly chalcopyrite and free gold with high magnetite. The new close spaced drilling has shown pyrite mineralization is absent from the pit area and increases outside of and away from the higher grade copper/gold mineralization. The preliminary metallurgical work using drill core has shown a 73.8% copper recovery and 85.9% gold recovery using 75% minus 200 mesh from three stages of crushing and grinding and simple two-stage flotation. The copper recovery varies with the percentage of oxidation. But that is not the story.

The present work includes geotechnical studies by Knight, Piesold Ltd., with Professor Chuck Brawner consulting on the pit wall stability and Dr.Tom C. Griffin, conducting the environmental work. The first report was filed with the B.C. Mine Review Committee in June and the Stage 1 environmental report is scheduled to be filed in January toward an anticipated March 1990 approval date. Two of the favourable factors for the mine are that the ore and waste are both net acid consumers and the milling circuit does not contemplate a leach circuit. But that is not the story.

The real story is Dr.Hugh C.Morris, chairman and Pierre B.Lebel, president of Imperial Metals have initiated a campaign to introduce Mount Polley to the financial community and mining industry. The task is to convince investors Mount Polley is a world class copper/gold mine worthy of funding to production and attention in the international markets. In many respects the Mount Polley reserves compare favourably with each of the Geddes Resources, Windy Craggy and the Continental Gold/B.P. Mt.Milligan reserves, each of which have received considerable new funding and market attention in recent months.

The real story, of course, is yet to come.